# REPORT AND FINANCIAL STATEMENTS

for year ended 31 July 2021

Hammersmith & Fulham College

Ealing Green College

Southall Community College

Park Royal College

# Key Management Personnel, Board of Governors and Professional advisers

## Key management personnel

Key management personnel are defined as members of the College Executive Team and were represented by the following in 2020/21:

| | | |
|---|---|---|
| **Karen Redhead** | – | Chief Executive Officer (CEO) and Principal; Accounting Officer |
| **Anil Nagpal** | – | Chief Operating Officer (COO) |
| **David Warnes** | – | Deputy Principal (Strategy, Planning and Communications) |
| **James Taylor** | – | Deputy Principal (Curriculum and Quality) |
| **Richard Eastmond** | – | Executive Director, People and Organisational Development (23.06.2021) |

## Board of Governors

A full list of Governors is given on page 22 and 23 of these financial statements.

Ra Hamilton-Burns was governance advisor to the Board throughout the period to 31 July 2021.

## Professional advisers

### Financial statements auditors and reporting accountants:

**RSM UK Audit LLP**
25 Farringdon Street, London, EC4A 4AB

### Internal auditors:

**Mazars LLP**
Tower Bridge House, St Katharine's Way, London, E1W 1DD

### Bankers:

**Barclays Bank PLC**
Barclays Education Team, 1 Churchill Place, Canary Wharf, London, E14 5RB

### Solicitors:

**Mills and Reeve LLP**
78-84 Colmore Row, Birmingham, B3 2AB

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# Report of the Governing Body

## NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2021.

### Legal status

The Governing Body was established under the Further and Higher Education Act 1992 for the purpose of conducting Ealing, Hammersmith and West London College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### Current Purpose, Mission, Vision, Values and Strategic Objectives

A new strategic plan was developed in early spring 2019 led by the CEO / Principal in close partnership with the Board and in conjunction with other key internal and external stakeholders. A further review and update was conducted in August 2019 by the CEO & Principal and Deputy Principal Strategy, Planning and Communications. Accompanying this new plan was a refresh of the College's mission statement, vision statement, corporate values, strategic objectives, KPIs and a robust risk register. The plan seeks to serve the College into the future, supporting the rapid change needed to re-establish the College as not only a financially sustainable organisation but one that can flourish and thrive. Following consultation, the new strategic plan for the period 2019 to 2024 was approved by the Corporation on 17 October 2019, is as described below. The Strategic Plan was further reviewed during 2020 and this was approved by the Corporation in October 2020. In addition, the College registered with the Office for Students (the OfS) in January 2020 for delivery of higher education.

### Purpose:

To develop outstanding citizens of the future.

### Mission Statement:

To inspire learning and improve lives through education, training and skills development that supports social and economic success for our learners, businesses and communities across West London.

### Vision Statement:

To be the leading college in West London for technical and vocational education and skills training.

### Core Values:

- **Ambition**: We will strive to be the best in all areas of strategic importance to the College, enabling our learners, employers and staff to achieve high expectations and ambitious goals.
- **Innovation**: We will be innovative in our thinking, striving to embed new and original practises. We will embed innovation into our behaviours and our developments, helping our learners and staff to excel.
- **Accountability**: We will all take personal responsibility for driving success, overcoming barriers and finding solutions. We will be constantly learning and developing.

- **Inclusion**: We will be welcoming, supportive and our commitment to equality and diversity will underpin everything we do.

## Strategic Objectives:

### Financial Objectives

#### Creating a financially thriving College that is investing in its future

- Achieve **financial health score** of Good by 23/24
- Maintain a **positive cashflow** budget by 19/20, with a balance of at least £5m by 20/21 that is maintained throughout the planning period
- Establish and maintain a minimum of **60 cash days in hand** by 20/21 that is maintained throughout the planning period
- Achieve **staffing cost** of 65% of income by 20/21 reducing further to 63% by the end of the planning period
- Achieve a **surplus (EBITDA)** of at least 2% by 20/21, increasing further to 6% by 23/24
- Improve the **adjusted current ratio** to at least 1.2 by 23/24
- Maintain a level of **borrowing** not exceeding 40% of income, with debt service cover of 2.0 by the end of this plan
- Improve **capital expenditure** to circa £2m in 2020/21 and 2021/22 to support urgent upgrades, repairs and maintenance and at least £750k each year thereafter

### Business Development Objectives

#### Building stronger sustainable relationships with employers and wider stakeholders

- Grow **apprenticeships and supported internships** in line with regional and national priorities, with a focus on improving social mobility and inclusion
- Strengthen relationships with **Jobcentre Plus and other agencies** to grow and develop Sector Based Work Academies and other pre-employment training opportunities to support adults with low skills to progress into local and regional employment
- Build outstanding **employer partnerships** that enable employers to influence and contribute to curriculum design, development and delivery in line with their needs
- Align the curriculum to **Skills for Londoners** devolved priorities of
    - Apprenticeships
    - Social mobility / inclusive growth agenda
    - Good Work, including those on low wage, low skills jobs
    - ESOL, English, maths and digital skills
    - SEND
    - L4 and L5 higher technical skills delivered in colleges
- T level and Transition year programmes
- Support growth in **AEB GLA** income where there are opportunities to do so
- Support growth in key **GLA/LEAP priority sectors** in West London
    - Construction / green skills

  - Hospitality, catering, food production
  - Digital, creative, clean tech
  - Health and care services
- Positioning the College as a key anchor institution, acting as a community asset to local stakeholders and partners, including:
  - Greater London Authority / LEAP
  - Employers Representative Bodies, including West London Business and London Chamber of Commerce
  - West London Alliance and individual Local Authorities
  - West London NHS Trust and the Integrated Care Services
  - Major employer and developments including Heathrow Airport and HS2
  - Construction developers and SME's in West London
  - Third sector and community voluntary sector organisations representing the most disadvantaged Londoners including those most impacted by the pandemic and economic downturn
- Continue to horizon scan for **bids and tender opportunities** that meet the strategic priorities of the College and provide opportunities for growth
- Diversify income by significant expansion of full-cost **commercial training** and opportunities to grow international work
- Continue to build partnerships with **subcontractors** where funding rules permit, and it is beneficial to the College's strategic direction
- Strengthen links with local **schools and the wider community** to support growth in 16-18 and apprenticeship programmes

## Curriculum Objectives

### To change life chances of all learners and see them progress into high value careers

- Increase the number of **16-19 year old learners**, particularly from **Ealing** schools
- Increase the proportion of 16-19 learners on **level 3 programmes**
- Develop content and delivery models for **Foundation Learning and 2 programmes** to better prepare learners for **progression** and study beyond those levels
- Develop our level 4, 5, 6 **Higher Technical Skills** curriculum offer to ensure it is employment focused
- Increase the proportion of learners progressing into **positive destinations** including sustained employment, incorporating the soft outcomes of improved confidence, resilience and contribution to society.
- Align the curriculum to **Skills for Londoners** devolved priorities of
  - Apprenticeships
  - Social mobility / inclusive growth agenda
  - Good work, including those in low wage, low skills jobs
  - ESOL, English, maths and digital skills
  - SEND
  - L4 and L5 delivered in colleges
  - T level and transition year programmes

- Grow **AEB GLA** income where there are opportunities to do so
- Sharply focus curriculum growth in key **GLA/LEAP priority sectors** in West London
    - Construction / green skills
    - Hospitality, catering, food production
    - Digital, creative, clean tech
    - Health and care services
- Further develop provision for learners with **learning difficulties and/or disabilities** to ensure good progression routes including supported internships and apprenticeships
- Continue to promote and support **inclusion and community cohesion** through ongoing development of Skills Pathways programmes, teaching English language to those whose first language is not English and engaging with the hardest to reach communities
- Work with our **employer partners** to ensure the curriculum is responsive and flexible and learners have opportunities to work with up to date equipment and resources related to the world of work in industry settings
- Provide our students with a competitive advantage evident through the development of strong **employability skills**
- Respond to changes in the **construction sector**, including the development of green construction skills, modern methods of construction and digital construction. Developing, in partnership with key stakeholders, a new range of programmes to meet local construction training needs
- Continue to increase the proportion of learning delivered online and to be innovative in making best use of technology to enable learners to have access to high quality **e-learning** resources

## Quality Objectives

### To continuously strive for excellence in all that we do

- Continuously review the **standard** of **teaching, learning and assessment** so that it is at least good across all curriculum areas
- Develop impactful processes to support teachers to continuously improve
- Maintain **high achievement rates** on **classroom**-based programmes and improve pockets that are not yet high enough
- Increase overall and timely **apprenticeship achievement rates** to above the national rates
- Improve the proportion of **high grades** achieved by learners
- Strengthen the **target setting** processes for all learners enabling them to achieve aspirational targets and goals and supporting their next steps
- Continue to develop, support and extend the **learner voice** strategy
- Achieve the **Gatsby** good career benchmarks
- Achieve and retain a grading of good in an **Ofsted** inspection within the duration of this plan

## People and Culture Objectives

**To employ highly motivated staff who are passionate about what they do, feel empowered and are aligned to our values of ambition accountability, inclusion and innovation**

- Focus on our **culture**, continuing to improve our communication and engage with staff and evolve their connection to our four values. This will include continuing with the **coaching** training and qualifications.
- Implement a **Health & Wellbeing Policy** (incorporating the AoC Mental Health Charter) and create an annual **Health & Well-being day** as part of a wider effort to promote a well-being culture.
- Provide **high quality** staff development opportunities and seek out opportunities to identify and develop staff who have the **potential to progress** in their careers. We will make full use of the apprenticeship levy to support staff in new roles. We will take up the FE sector initiatives to increase the **volunteering and social action opportunities** around our Campuses.
- Extend our approach to **Fairness, Respect, Equality, Diversity, Inclusion & Engagement**.
  - We will maintain our D&I accreditation, ensuring the diversity of our staff and learner cohorts closely correlate – and that we invest in **supporting greater representation from ethnic groups in our leadership**. We will establish mechanisms to identify and reduce **unconscious bias** and promote a culture of **inclusivity**.
  - Ensure our **staff feel valued** with high levels of staff satisfaction & engagement. We will develop arrangements to strengthen the **staff voice** and to identify and implement actions to support **high staff morale** building on our annual staff survey.
- Develop a HR function that is **proactive**, **caring** and supported by high **quality data and reporting systems**.

## Estates Objectives

**An estate that provides a sustainable, flexible, modern & inclusive environment that fully meets the needs of all stakeholders**

- Seek out capital funding opportunities for **Ealing Green College** in the medium and long term and explore sub-letting surplus space on the site in order to improve space utilisation and generate an additional income stream
- Dispose of surplus space on the **Southall Community College** site (A&B blocks) in order to improve space utilisation and generate a capital receipt.
- Grow the construction provision at **Park Royal College** and sub-let surplus space in order to generate an additional income stream.

- Review **Park Royal College** options in advance of the break clause point in the lease, including potential relocation of construction provision to the Southall Community College campus
- Deliver the **Hammersmith and Fulham College Redevelopment Project** on time and within budget in order to improve space utilisation, generate a capital receipt and radically improve facilities on this site
- Develop a new estates strategy for 2021-2026 to build on the actions within this strategic plan that have already been achieved
- Realise the ambitions in the Environmental Sustainability Strategy to work towards net zero by decarbonising the colleges' energy usage

## Public Benefit

Ealing, Hammersmith & West London College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. Members of the Governing Body, who are trustees of the charity, are disclosed on page 22 and 23.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High quality teaching and assessing
- Widening participation and tackling social exclusion
- Excellent student progression into employment
- Strong student support processes and systems
- Good links with employers, industry and commerce
- Good links with key external bodies including local authorities, the Greater London Authority (GLA) and the local enterprise partnership (LEAP)

The Covid-19 pandemic has had a significant impact on the sector and, indeed, the wider economy during these unprecedented times. The College was able to adapt swiftly and with agility to the challenging and changing circumstances whilst ensuring the achievement of its objectives in the midst of a global pandemic. The College was able to engage with learners remotely to ensure effective teaching and learning continued during the various lockdown phases, before successfully re-opening during the summer with robust control measures in place to manage the impact of the ongoing Covid-19 pandemic.

The College continues to work closely with all of its stakeholders during this unprecedented period whereby the safety of the College learners, staff and other stakeholders remains of paramount importance. The College has maintained its services throughout the reporting period despite the high levels of uncertainty.

# DEVELOPMENT AND PERFORMANCE

## Performance indicators

The College is committed to observing the importance of sector measures and indicators, and uses the FE Choices data available on the GOV.UK website which looks at measures such as:

| Performance Indicator | Target | Outcome |
|---|---|---|
| Learner achievement rates | 86.7% | 79.1% |
| Achievement of AEB funding target (ESFA and GLA combined) | 100% | 85.05% |
| EBITDA Education specific | £1,071,000 | £2,386,000 |
| Staffing costs as a % of income (excluding subcontracted income) | 67.21% | 62.4% |
| Liquidity and Borrowing ratios (borrowing as a % of income) | 46.81% | 41.66% |
| Staff utilisation | 92% | 92.3% |
| Cash days in hand | 75.1 | 126 |

The College is assessed by the Education and Skills Funding Agency ("ESFA") as having an "Requires Improvement" financial health grading (2019/20: financial health grading was "Inadequate").

## Financial results

The College Group incurred a £2.949m deficit before other gains and losses (2019/20 – deficit of £5.522m). The deficit before other comprehensive income for the year remains at £2.949m (2019/20 – deficit of £3.786m accounting for profit on disposal of assets of £1.736m in 2019/20). The reported deficit includes an improved performance building once again on the progress in the prior year. The underlying performance remains strong. The total income was £32.365m in 2020/21 (2019/20 - £31.440m). The College achieved 86.2% of its Adult Education Budget allocation with the ESFA and 84.6% of its Adult Education Budget allocation with the Greater London Authority ("GLA") contract. The College Group has made a provision of £0.570m for a clawback that may be required on its Adult Education income in 2020/21.

The College Group has accumulated negative reserves of £2.909m (2019/20 – accumulated negative reserves of £3.594m) with cash and short-term investment balances of £10.281m (2019/20 - £6.885m). It has a loan with Barclays Bank that is secured on the Ealing campus. The balance outstanding at 31 July 2021 was £1.6m (2019/20 - £2.1m). Quarterly capital repayments with interest at an interest rate of 8.28% will end on September 2024. The College Group also has a loan with the ESFA, at 31 July 2021 the balance outstanding was £11.6m (2019/20: £11.6m). Interest is payable on this balance annually at a rate equal to the PWLB rate. At present, the loan agreement with the ESFA states that the loan is repayable in full on 31 January 2023. This repayment date is subject to a clause stating that an amortised repayment schedule for the loan will be reviewed, and may be implemented, following the conclusion of an Independent Business Review (IBR). The College has completed all of its activities in relation to the IBR and and as at the date of signing these financial statements the IBR report is complete and has been issued. The College will review an amortised repayment schedule and termination date of the loan by 31 December 2021 with the intention to present to DfE/ESFA Finance Committee in early 2022.

On 14 January 2021, the College received notification from the DfE stating that the College had triggered an event of default under the facility agreement. This was due to a delay in the completion of the IBR and, as a result of this default, the DfE is reserving its right to serve notice to the College pursuant to clause 18.34 in the facility agreement at a future date. Under this clause the DfE can serve notice to the College to accelerate any previously agreed repayment schedule such that the entire loan balance becomes immediately due and payable on demand if notice is served. The breach of covenants in relation to the loan with the ESFA has, in turn, triggered an event of default under the facility agreement for the loan with Barclays Bank. As the events of default had not been resolved by the 31 July 2021 both loan balances have all been classified as short term loans in the balance sheet of the College as at 31 July 2021. It should be noted that no notice has been served in relation to these events of default at the time of signing of these financial statements.

During the year to 31 July 2019 the College took the decision to stop the Hammersmith development project for the foreseeable future. There are currently three principal uncertainties regarding the viability of the Hammersmith development and its ultimate completion. There is uncertainty over the availability of sufficient funding and the College awaits further detail on the system for awarding capital funding. The planning application has not yet been submitted, so there is uncertainty as to whether planning permission will be granted. There is also an application to Historic England to list the Hammersmith campus. Until these matters are resolved and the financial sustainability of the College achieved, the College will not proceed further with the Hammersmith development.

Tangible fixed asset additions during the year amounted to £1.618m (2019/20 - £0.196m).

The current pandemic has had a big impact on the College Group's financial results and position. Whilst the main funding agencies continued to provide funding during the reporting period, other income streams were clearly impacted. The College Group responded quickly to largely mitigate the impact of loss of income. This was due to strong performance pre-pandemic, significantly improved financial management and stringent cost control measures. As a result, the financial results for 2020/21 were effectively managed to be broadly in line with projections before the pandemic. The underlying performance continues to improve.

The College Group received a number of grants from its funding bodies during 2020-21 to ease the impact of COVID 19. This included grants to support the implementation of COVID health and safety measures as well as support to enable catch up sessions for learners. COVID 19 has impacted on the College Group's commercial activities during the year in respect of its hire of premises. The College Group also claimed Job Retention Scheme grant income for staff furloughed during the year.

## Treasury policies and objectives

Treasury management is the management of the College Group's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Governing Body and will comply with the requirements of the Financial Memorandum.

## Cash flows and liquidity

There was an increase in cash/cash equivalents of £3.396m in 2020/21 (2019/20 – increase of £3.600m). The net cashflow from operating activities was £5.972m (2019/20 - £(2.868)m) and the net cashflows from investing activities was £(1.618)m (2019/20 - £3.972m); the net cashflows from financing activities was £(0.958)m (2019/20 - £2.496m) resulting in an increase in cash/cash equivalents of £3.396m (2019/20 - £3.600m).

The College Group has made significant progress in 2020/21 in improving its financial position and in particular in improving its cash position. The College Group is well on the way to achieving financial turnaround and the updated financial plan will detail how the College Group will achieve its target to deliver improved financial performance and net positive operating cash performance going forwards.

The College Group has managed its cash position diligently throughout 2020/21 with a robust cash reserves position achieved as at 31 July 2021 without the need to seek additional loan finance or the disposal of significant assets.

## Sources of income

The College Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In the current year, ESFA/GLA provided 82% of the group's total income.

## Reserves Policy

The College Group has no formal Reserves Policy but recognises the importance of reserves in the financial stability of the organisation, and ensures that there are adequate reserves to support the College Group's core activities. As at the balance sheet date the Income and Expenditure reserve, excluding the pension deficit reserve, stands at £7.544m (2019/20 - £7.474m). As noted in the section on risks faced by the College Group on page 14, the College Group has a deficit on the defined benefit pension scheme of £33.3m (2020: £34.4m). It should be noted that the liability included in the balance sheet in relation to this does not represent an immediate cash outflow for the College Group and the College Group continues to make regular payments in line with the contribution levels. The College Group was able to largely mitigate the loss of income due to the current Covid-19 pandemic. However, in light of the ongoing Covid-19 crisis, the Board will wish to continually re-assess the target levels of reserves going forwards.

## Group Company

The College has two active subsidiaries, EVOLVE Learning Group Limited (Evolve) and Capital Talent Box Limited (CTB). Evolve provides educational support services and these activities are not material to the Group as a whole and all income generated by the subsidiary relates to amounts recharged to the College. The activities of Evolve transferred to the College post year end in September 2021. The second subsidiary, CTB, began trading again in September 2020 and provides educational support to the College in the form of temporary staffing resource to meet operational requirements and at present all the income generated by the subsidiary relates to amounts recharged to the College.

# CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE TO RESOURCES

## Future prospects

The College Group has a robust and realistic plan for 2021/22 and will continue to build on the achievements of 2020/21 as it continues in its trajectory to achieve a financial turnaround and establish the College Group on a firmer financial footing. The College Group will continue to scrutinise all of its income and expenditure items closely to ensure it achieves its financial plan. There are clear opportunities for growth through improving relationships with key stakeholders, including local employers, local authorities, and government agencies. The College Group will focus on supporting these stakeholders to address local skills gaps and barriers to employment faced by some members of the local community.

The College Group will continue to analyse its costs with the aim of driving greater efficiencies, to achieve levels that are consistent with sector norms, allowing it to improve financial performance and net operating cash going forwards.

As noted previously the conclusion of the IBR is expected imminently and the College will then work with the ESFA to agree an affordable repayment schedule for the £11.6m loan (converted from previously received Emergency Funding). This, when combined with the planned efficiency measures, will allow the College to secure its financial sustainability in the long term.

The impact of the ongoing Covid-19 crisis continues to be felt and is likely to affect the College Group performance during 2021/22 and, potentially, 2022/23. Whilst the impact is difficult to quantify at this stage given the current levels of uncertainty, the College Group is well placed to manage any adverse movements as and when they arise. The College Group has a robust financial plan in place which will deliver further improvements.

## Student numbers

In 2020/21 the College Group has delivered activity that has produced £24.2m in funding body main allocation funding (2019/20 – £22.4m). The College Group had approximately 11,693 funded and 1,262 self-funded students (2019/20 – 11,581 funded and 2,761 self-funded students).

## Student achievements

Student achievement rates in 2020/21 were 79.1%, a reduction compared to 88.5% in 2019/20. Achievement rates were significantly impacted by the pandemic.

## Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1st August 2020 to 31st July 2021, the

College Group paid about 46% of its invoices within 30 days. No interest was paid on any of these balances during the year.

## RESOURCES:

### Financial

The College Group has £2.909m of net liabilities (2019/20 - net liabilities of £3.594m) (including £33.335m (2019/20 - £34.462m) pension liability) and long term liabilities of £4.839m (2019/20 - £17.251m).

### People

The College Group employs 603 (2019/20 - 509 people) (expressed as average headcount), of whom 199 (2019/20 – 188) are teaching staff.

### Estate

The College Group completed a holistic estates strategy in 2018, to review the efficiency of the three main sites at Hammersmith, Ealing and Southall, and the one leased site at Park Royal College. The College Group continues to review its estates strategy in the light of new emergent issues.

The Hammersmith development project is stopped until the three issues identified relating to funding, planning and listing (as explained on page 11) are progressed.

The key considerations for the future of the project are space requirements and affordability. The College Group is not in a position to seek any loan facility to fund the project which remains stopped until resolution of the issues identified.

### Reputation

The College Group has a good reputation locally and nationally. Maintaining a quality brand is essential for the College Group's success at attracting students and external relationships.

## PRINCIPAL RISKS AND UNCERTAINTIES:

The College Group has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Governing Body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance and Internal Control.

A risk register is maintained at the College level which is reviewed regularly by the Audit Committee and the Senior Leadership Team. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College Group and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the College Group are outlined below along with the action taken to minimise them. Not all the factors are within the College Group's control. Other factors besides those listed below may also adversely affect the College Group.

## 1. Going concern

The College Group remains in intervention following the issue of the Financial Health Notice to Improve. The College Group is working closely with the Education and Skills Funding Agency and FE Commissioner's office to ensure that the risks to the College Group are minimised and no further funding support has been required during 2020/21. See page 18 for further details on the actions that the College Group has, taken and continue to take, in order to mitigate the risks to the going concern status of the College Group.

## 2. Government funding

The College Group has considerable reliance on continued government funding through the further education sector funding bodies. In 2020/21, 82% (2019/20 - 79%) of the College Group's revenue was publicly funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. This risk is mitigated by ensuring that the College Group takes a rigorous approach in delivering high quality education and training, aligning with the skills priorities of the main funders and maintaining and managing key relationships with the funding bodies.

## 3. Estates

The College Group has in place a holistic estates strategy, which reviews the efficiency of the three main sites at Hammersmith, Ealing and Southall, and the one leased site at Park Royal College.

The key considerations for future of the projects are space requirements and affordability. The College Group is not seeking any loan facility to fund future projects and will continue to pursue grant funding opportunities where possible.

The College Group continues to review its estates strategy in the light of new emergent issues. The Finance and General Purposes Committee of the Governing Body will closely monitor all matters relating to capital development.

## 4. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College Group's balance sheet in line with the requirements of FRS 102. It should be noted that the liability included in the balance sheet in relation to this does not represent an immediate cash outflow for the College Group and the College Group continues to make regular payments in line with the contribution levels.

## 5. Tuition fee policy

The ESFA has confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Ealing, Hammersmith and West London College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College Group is that demand falls off as fees increase. This will impact on the income of the College Group.

This risk is mitigated in the following ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students

- Close monitoring of the demand for courses as prices change

The College Group has established robust risk management processes to capture, monitor and mitigate all identified risks. The College Group has a detailed risk register which is monitored.

## STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Ealing, Hammersmith and West London College has many stakeholders. These include:

- Students
- Education sector funding bodies
- FE Commissioner
- Staff
- Bankers
- Local employers
- Local authorities
- Local Enterprise Partnerships (LEAPs)
- The local community
- Other FE institutions
- Trade unions
- Professional bodies
- Local pension partnerships

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings.

### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College Group to publish information on facility time arrangements for trade union officials at the College Group.

#### *Relevant union officials*

| Numbers of employees who were union officials during relevant period | FTE employee number |
|---|---|
| 8 | 8 |

#### *Percentage of time spent on facility time*

| Percentage of time | Number of employees |
|---|---|
| 0% | 0 |
| 1-50% | 8 |
| 51-99% | 0 |
| 100% | 0 |

### *Percentage of pay bill spent on facility activities*

| | |
|---|---|
| **Total cost of facility time** | £23,434 |
| **Total pay bill** | £19.906m |
| **Percentage of total bill spent on facility time** | 0.12% |

### *Paid trade union activities*

| | |
|---|---|
| **Time spent on paid trade union activities as a percentage of total paid facility time** | 100% |

## Equality and Diversity

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positive differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat discrimination. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented an updated Equality & Diversity training programme which all staff have completed online. Refresher training and training for new starters is carried out on an ongoing basis.

## Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
b) The College has appointed a Disability Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.

d) The admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

## Going Concern

The College Group remains in 'supervised' status with the ESFA following a Financial Health Notice to Improve issued in 2014. This enables the ESFA to provide closer oversight and support. The College Group has a robust Strategic Plan which is underpinned by a comprehensive Operational Plan, both are closely monitored by the Senior Leadership Team, the Governing Body and the agencies.

The College required no further Emergency Funding support during 2020/21. The total amount previously received from the ESFA of £11.6m, was converted into an interest-bearing loan in March 2020. The total amount received from the ESFA is repayable to the Agency. The loan agreement with the ESFA states that the loan is currently repayable in full on 31 January 2023. This repayment date is subject to a clause stating that an amortised repayment schedule for the loan will be reviewed, and may be implemented, following the conclusion of an Independent Business Review (IBR). The IBR has progressed during the financial year and as at the date of signing these financial statements the IBR report is complete and has been issued. As per the ESFA loan agreement the college will otherwise review an amortised repayment schedule and the termination date by 31 December 2021. The intention is to present to the DfE/ESFA Finance Committee in early 2022 to agree an amortised repayment schedule and a revised termination date. At present, based on current cashflow forecasts, the College will not be able to repay the loan in full by 31 January 2023.

The College also has £1.6 million (£2.1m in 2019/20) of loans outstanding with the College's bankers (Barclays Bank). The College has a positive relationship with its bankers and continues to work closely with them as good progress is being made, the College is able to demonstrate that it is able to operate effectively. The College's forecasts and financial projections indicate that it will be able to operate within the existing banking facilities for the foreseeable future.

On 14 January 2021, the College received notification from the DfE stating that the College had triggered an event of default under the facility agreement. This was due to a delay in the completion of the IBR and, as a result of this default, the DfE is reserving its right to serve notice to the College pursuant to clause 18.34 in the facility agreement at a future date. Under this clause the DfE can serve notice to the College to accelerate any previously agreed repayment schedule such that the entire loan balance becomes immediately due and payable on demand if notice is served. The breach of covenants in relation to the loan with the ESFA has, in turn, triggered an event of default under the facility agreement for the loan with Barclays Bank. As the events of default had not been resolved by the 31 July 2021 both loan balances have all been classified as short term loans in the balance sheet of the College. It should be noted that no notice has been served in relation to these events of default at the time of signing of these financial statements and that the College is compliant with all other covenants in relation to the Barclays Bank loan.

The College is in discussions on an affordable amortised repayment schedule following the completion of the IBR. Once the repayment schedule has been agreed, it is therefore the College's expectation that the events of default will also be lifted at this point. However, there is a material uncertainty around the College's ability to meet the current repayment terms of the loan with the ESFA at the date of approval of these financial statements.

The College Group markedly improved its overall financial position during 2020/21 and is showing an overall increase in cash held of £3.4 million and this has been achieved without the need for additional emergency support or the further sale of estate assets. It should be noted that the College Group has a strong asset base and as outlined in the Estates Strategy, the College Group will continue to ensure efficient use of its assets which will in turn provide further cash improvement for the College Group.

The adoption of the going concern basis is predicated upon the College Group's improved cash position and the ability to agree an affordable repayment schedule with the ESFA. The College Group continues on a trajectory of year-on-year improvements. The College Group has produced strong and robust cashflow forecasts through to July 2024 that shows a strong cash position in financial years 2022/23 and 2023/24. These forecasts have been stress tested to review how the College Group would cope under a variety of circumstances.

The College Group has concluded that the above circumstances, in particular in relation to the repayment of the ESFA loan, represent a material uncertainty which may cast significant doubt upon the College Group's ability to continue as a going concern for a period of not less than twelve months from the date of approval of these financial statements. Nevertheless, after making enquiries and considering the uncertainties described above, and the fact no notice has been served to accelerate the repayment of either loan facility, the College Group has a reasonable expectation that it has adequate resources to continue operating for the foreseeable future. Thus, the College Group continues to adopt the going concern basis in preparing the financial statements.

## Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

**Approved by order of the members of the Governing Body on 14 December 2021 and signed on its behalf by:**

**Ian Comfort**
**Chair of the Governing Body**

# Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

I. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
II. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”) and
III. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code.

In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges, which it formally adopted on 14 July 2015. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021.

We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

Following a formal intervention assessment in August 2018, the FE Commissioner reported that governance urgently required improvement. Governors had not had a clear and realistic assessment of the College’s performance which had compromised their effectiveness and decision making. Board self-assessment, quality improvement and development required strengthening. The FE Commissioner’s team have undertaken regular ‘stock take’ visits since the College was placed in supervised status and have reported significant progress in governance standards at the College. A traditional Board and Committee structure is in operation and has brought robust and effective oversight of the College. Regular reviews of board skills have taken place. The membership includes two governors who are qualified accountants, one of whom is an audit specialist; the chair of Finance and General Purposes Committee has senior level experience in corporate finance and the Chair of the Board has extensive experience of financial management in large educational organisations.

## The Governing Body

The members who served on the Governing Body during the year and up to the date of signature of this report were as listed in the table below.

| Name | Date of Appointment | Term of Office | Date term ended or resigned | Officer positions<br>Committees Served<br>Company Directorships | Attendance |
|---|---|---|---|---|---|
| Ian Comfort<br>(Chair) | 13/02/2019 | 12/02/2025<br>Second term? | N/A | Corporation (Chair)<br>Finance & General Purpose<br>Search and Governance Committee<br>Remuneration (By invitation)<br>Curriculum, Quality & Performance[1] | 6 of 7<br>4 of 4<br>4 of 4<br>2 of 2<br>1 of 1 |
| Yvonne Johnson<br>(Vice Chair) | 20/12/2018 | 19/12/2022 | 16/9/2020 | Corporation (Vice Chair)<br>Curriculum, Quality & Performance (Chair)<br>Search and Governance Committee<br>Remuneration | 0 of 1<br>0 of 0<br><br>0 of 0<br>0 of 0 |
| Karen Redhead<br>(Principal and Chief Executive) | 03/09/2018 | Ex Officio | N/A | Corporation<br>Curriculum, Quality & Performance<br>Finance & General Purpose<br>Search and Governance Committee | 7 of 7<br>3 of 3<br>4 of 4<br>4 of 4 |
| Callum Anderson<br>(Vice Chair) | 23/05/2018 | 22/05/2025<br>Second term | N/A | Corporation (Vice Chair)<br>Audit Committee<br>Remuneration (Chair)<br>Search and Governance Committee | 6 of 7<br>3 of 4<br>2 of 2<br>2 of 2 |
| Phillip Kerle<br>(Vice Chair) | 13/02/2019 | 12/02/2025<br>Second term | N/A | Corporation (Vice Chair)<br>Finance & General Purpose (Chair)<br>Remuneration<br>Search and Governance Committee | 6 of 7<br>4 of 4<br>2 of 2<br>3 of 4 |
| Rebecca Caldwell | 26/05/2020 | 26/05/2022 | 11/03/2021 | Corporation<br>Finance & General Purpose | 3 of 4<br>2 of 2 |
| Oceana- Skye Campbell | 16/10/2020 | 31/07/2021 | 26/07/2021 | Corporation<br>Curriculum, Quality & Performance | 3 of 7<br>1 of 3 |
| Peter Chapman | 13/02/2019 | 12/02/2024 | 24/03/2021 | Corporation<br>Finance & General Purpose | 4 of 4<br>3 of 3 |
| Haitham Dakka | 01/08/2021 | 31/07/2023 | N/A | Corporation<br>Curriculum, Quality & Performance | 0 of 0*<br>0 of 0* |
| Jan Edrich (co-opted member) | 22/10/2020 | 21/10/2022 | 04/05/2021 | Corporation<br>Curriculum, Quality & Performance (Chair to July 2021)<br>Remuneration | 0 of 2<br>0 of 0<br><br>1 of 2 |
| Joanne Germani | 24/03/2021 | 23/03/2023 | 27/08/2021 | Corporation<br>Curriculum, Quality & Performance | 2 of 3<br>0 of 1 |
| Robin Ghurbhurun | 28/01/2021 | 27/01/2025 | N/A | Corporation<br>Curriculum, Quality & Performance (Chair from September 2021) | 4 of 4<br>2 of 2 |
| Hilary Macaulay | 15/12/2020 | 15/12/2024 | N/A | Corporation<br>Curriculum, Quality & Performance (Vice Chair) | 4 of 5<br>2 of 2 |
| Matthew McMahon (Support Staff Governor) | 24/11/2019 | 23/11/2021 | 26/07/2021 | Corporation<br>Curriculum, Quality & Performance | 7 of 7<br>2 of 3 |
| Shawez Mir | 17/10/2019 | 16/10/2025<br>Second term | N/A | Corporation<br>Audit Committee | 7 of 7<br>4 of 4 |

[1] Not a member but attended by exception

| Name | Date of Appointment | Term of Office | Date term ended or resigned | Officer positions Committees Served Company Directorships | Attendance |
|---|---|---|---|---|---|
| Mohamed Moussa | 16/10/2020 | 31/07/2021 | 26/07/2021 | Corporation<br>Curriculum, Quality & Performance | 6 of 7<br>1 of 3 |
| Roslyn O'Garro (Academic Staff Governor) | 21/03/2018 | 20/03/2021 | 21/03/2021 | Corporation<br>Curriculum, Quality & Performance<br>Search and Governance Committee | 3 of 4<br>0 of 2<br>3 of 3 |
| David Paine | 29/05/2019 | 28/05/2025? | N/A | Corporation<br>Audit Committee (Vice Chair) | 6 of 7<br>4 of 4 |
| Christopher Saul | 26/03/2020 | 25/03/2024 | N/A | Corporation<br>Curriculum, Quality & Performance | 7 of 7<br>3 of 3 |
| Saad Siddiqui (co-opted member) | 28/01/2021 | 27/01/2025 | N/A | Audit Committee | 2 of 2 |
| Deborah Stephenson | 22/10/2020 | 21/10/2024 | N/A | Corporation<br>Curriculum, Quality & Performance<br>Finance & General Purpose | 6 of 6<br>3 of 3<br>1 of 1 |
| Maria Vetrone | 13/02/2019 | 12/02/2025 | N/A | Corporation<br>Audit Committee (Chair)<br>Remuneration | 7 of 7<br>4 of 4<br>2 of 2 |

* These members were not appointed in the academic year 2020/21.

Ra Hamilton-Burns was governance advisor to the Governing Body from 1 August 2020 until 31 July 2021.

It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Governing Body is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Governing Body meets at least once a term and in 2020/21 met seven times.

Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available on the College's website at http://www.wlc.ac.uk or from the Clerk to the Governing Body at:

The Governing Body undertook a strategic review of its governance arrangements in January 2019 under the leadership of the interim Chair of the Governing Body and new Clerk. The review established clear governance structures for its work establishing a substantive Finance and General Purposes Committee with new terms of reference and cycle of business. The Search and Development Committee became the Search and Governance Committee, also with new terms of reference and cycle of business. In addition, the Corporation operates a Curriculum, and Quality Committee, Audit Committee and Remuneration Committee. There was a review of all committees' terms of reference in July 2021 and a refreshed cycle of business which were presented to the Board and approved. The membership of Corporation was also reviewed and updated. The Standing Orders of the Corporation were reviewed and updated in September 2021.

Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available on the College's website at http://www.wlc.ac.uk or from the Clerk to the Governing Body at:

**Ealing, Hammersmith and West London College**
**Gliddon Road**
**Barons Court**
**London**
**W14 9BL**

The Interim Governance Advisor (IGA) to the Governing Body maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the IGA to the Governing Body, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the IGA/Clerk are matters for the Governing Body as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis. Briefings are provided on monthly basis. This is supplemented by a regularly refreshed training programme, informed by the skills analysis and sector requirements.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

The Governing Body has held all scheduled meetings since March 2020 (the point at which England went into lockdown) with additional ones held where needed. All meetings have been held remotely via an online meeting platform which is password protected.

The Board has used the skills survey, strategic plan and external Board review to inform recruitment to the Board and its committees. Three new members joined Curriculum and Quality Committee during this period, three new members joined the Finance and General Purposes Committee and a co-opted governor added further expertise to the Audit Committee. Two new students joined the Board in October 2020 (and left in July 2021) and two new students have been elected for the current year. Two new members of staff (one teaching and one academic) have also joined the Board. To support the strategic intent of the College and strengthen the skills on the Board, two new Board members with capital projects expertise were appointed in November 2021 and one Board member with People and Organisational skills was recruited. An extensive induction and training programme is in place to support all new, and current, members.

Interaction with senior staff to enable participation in College business such as the recent safeguarding audit and College EDI Committee, has continued via online platforms. Covid-19 has not impacted on the ability of the Board to discharges its duties and members have been rigorous in ensuring its inclusion in the risk register and oversight of appropriate mitigations.

The World Health Organisation declared that Coronavirus was a world pandemic on 11 March 2020 and, one week later, faced with rising infection numbers and hospital admissions, the UK government instructed all schools, colleges and universities to close buildings for the majority of their students with effect from 20 March 2020. West London College moved its education and training online from that date but were able to keep facilities open for vulnerable students. The College had a wider reopening in August 2020. There was a further lockdown in January 2021 with learning going back online. Practice and systems were well rehearsed and learners were fully supported as they had been during the first lockdown.

### Appointments to the Governing Body

Any new member appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body has a Search and Governance Committee, consisting of five members of the corporation, which is responsible for the selection and nomination of any new member for the Governing Body's consideration. The corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Governing Body are appointed for two or three terms of office which do not exceed 8 years.

## Governing Body performance

The Governing Body has a matrix of self-assessment processes which include:

- evaluation at the end of each meeting
- annual skills survey
- annual board effectiveness review and survey
- Anonymous survey on the performance of the performance of the Chair
- Anonymous survey on the performance of the Governance Advisor
- Attendance monitoring
- One to one meetings with each member hosted by the Vice Chairs

There is also an appropriate review of members before reappointment by the Search and Governance Committee.

### Remuneration Committee

Throughout the year ending 31 July 2021 the College's Remuneration Committee comprised four members of the Governing Body expanding to five members  The Committee's responsibilities are to make recommendations to the Board on the targets, appraisal, remuneration and benefits of the Senior Post Holders of the College.  The Remuneration Committee met twice in 2020/21 in 15/02/2021 and 05/07/2021; the Committee also met on 11 November in the 2021/22 academic year.

The Board adopted the AoC Senior Post Holder Remuneration Code in May 2019 and published the annual statement on the governing body in compliance with the Code in August

2021, following approval by the Remuneration Committee in July 2021. The College has complied with the Code throughout the financial year and up to the date of the signing of this report, this is evidenced in the minutes of the meetings held by the Committee throughout this period. As required by the Code, the Chair of the Corporation is not the Chair of the Remuneration Committee but is a member. As stipulated by the AoC Senior Post Holder remuneration code, CEO/Principal is not a member of the Committee but may attend by invitation to advise the Committee on relevant performance matters.

Details of remuneration for the year ended 31 July 2021 are set out in note 7 to the financial statements.

## Audit Committee

The Audit Committee comprises four members of the Governing Body and has an expert co-opted member. The Committee operates in accordance with written terms of reference approved by have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business. The Committee considered the skills of its the Governing Body which take full account of the Audit Code of Practice 2021[2].

The Audit Committee met four times in 2020/21 and twice in 2021/22 up to the point at which this report is being presented to the Governing Body. The Audit Committee provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who members and their training at its meeting in September 2021.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises and makes recommendation to the Governing Body on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Governing Body.

## Finance & General Purposes Committee

The Finance & General Purposes Committee met on four occasions in 2020/21; it has met twice in 2021/22 to date. It fulfils its main responsibilities including making recommendations to the Governing Body about the annual budget, monitoring performance in relation to the approved budget, the College companies, VAT, cash flow forecasts, investment policy, financial regulations. Under delegated authority from the Governing Body it approves the framework for terms and conditions for the College's staff except for senior post holders.

## Curriculum, Quality and Performance Committee

The Curriculum, Quality and Performance Committee met three times in 2020/21. It has convened for one meeting in 2021/22 as at the date of this report's presentation to the governing body.

The Curriculum, Quality and Performance Committee provides assurance to the Corporation that:

- The curriculum is responding to, and meeting, the needs of learners, employers and other key stakeholders at a local, regional and, where appropriate, national level.
- Achievement, progress and progression of learners are being monitored against internal targets and that robust plans are in place to improve students' performance to match and exceed those achieved by colleges nationally.
- Robust systems are in place to monitor standards of teaching, learning and assessment and that appropriate frameworks are in place to effect improvement including performance management.
- The student voice is articulated and reviewed and is used to drive continuous improvement in teaching, learning and assessment.
- That there is continuous improvement of the student academic experience and student outcomes for higher education provision and that the standard of awards are appropriately set and maintained.

## Search and Governance Committee

The Search and Governance Committee met four times in 2020/21 and once in the 2021/22 academic year as at the time of writing. A governance improvement plan has been adopted and the Committee has focused on the skills, knowledge and experience of Board members.

## Internal control

### Scope of responsibility

The Governing Body is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which the CEO is personally responsible, in accordance with the responsibilities assigned to the CEO in the Funding Agreement between Ealing, Hammersmith and West London College and the funding body and the OfS registration conditions. The CEO is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ealing, Hammersmith and West London College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

## Capacity to handle risk

The Governing Body has reviewed the key risks to which the College is exposed together with the operating, financial, compliance controls and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Senior Leadership Team and the Governing Body.

## The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Governing Body on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the Governing Body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

## Risks faced by the College

A comprehensive risk register is maintained at the College level which is reviewed regularly by the Senior Leadership Team and the Audit Committee, who feed back to the full Governing Body. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. In light of the ongoing pandemic, the risks were reviewed in detail and the risk register updated to reflect the risks relating to the Covid-19 coronavirus crisis. Risks are prioritised using a consistent scoring system. A risk assurance map, incorporating the three lines of defence, is also produced. For more detail on the key operational, financial, compliance and other risks faced by the College please see page 14 of these financial statements.

## Control weaknesses identified

A plan of work has been agreed with the internal auditors and this has been approved by the Audit Committee. The work planned has continued throughout the year and the internal auditors present their findings in an annual report to the Audit Committee. All findings and recommendations from the internal audit reports are considered and implemented by the senior leadership team and progress against these is reviewed by the Audit Committee throughout the year. Based on the internal audit report presented to the Committee for the internal audit work undertaken in this financial year, there were no significant internal control weaknesses identified.

## Responsibilities under funding agreements and the Office for Students Conditions of registration

The Governing Body has considered its responsibility to notify the ESFA/GLA and OfS (Office for Students) of any material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreements and contracts with the ESFA/GLA/OfS. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the ESFA/GLA/OfS and no instances of material irregularity, impropriety or funding noncompliance have been discovered to date.

## Statement from the Audit Committee

The Audit Committee has advised the Board of Governors' that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2020/21 and up to the date of the approval of the financial statements are documented in the Internal Audit plan/schedule of assignments. The Internal Audit plan, based on an risk assessed approach, is approved by the Audit Committee annually.

The specific areas of work undertaken by the Audit Committee in 2020/21 and up to the date of the approval of the financial statements included a range of areas.

## Review of effectiveness

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. The CEO's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its next meeting which is planned for November 2021, the Governing Body will carry out the annual assessment for the year ended 31 July 2021 by considering documentation from the Senior Leadership Team and internal audit, and taking account of events since 31 July 2021, in particular the recommendations of the FE Commissioner and agencies in relation to governance.

Based on the advice of the Audit Committee and the Accounting Officer, and the implementation of the recommendations of the FE Commissioner, the Governing Body is of the opinion that the College does have an adequate and effective framework for governance, risk management and control, and has satisfactorily fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

**Approved by order of the members of the Governing Body on 14 December 2021 and signed on its behalf by:**

K Redhead

**Ian Comfort** Ian Comfort **Karen Redhead**

**Chair of the Governing Body** **Accounting Officer**

# Statement of Regularity, Propriety and Compliance

The Governing Body has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Governing Body's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the ESFA.

We confirm on behalf of the Governing Body that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Governing Body, or material non-compliance with the terms and conditions of funding, under the Governing Body's grant funding agreements and contracts with the ESFA, or any other public funder.

We confirm that no instances of material irregularity, impropriety or funding noncompliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

K Redhead

**Karen Redhead**

**Accounting Officer**

**Date 14 December 2021**

Ian Comfort

**Ian Comfort**

**Chair of the Governing Body**

**Date 14 December 2021**

# Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, who act as trustees for the charitable activities of the College, are required to present audited financial statements for each financial year.

Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA, the Corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which gives a true and fair view of the state of affairs of the Corporation and surplus/deficit of income over expenditure for that period. In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

The Corporation is also required to prepare a Members' Report that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf by

Ian Comfort

**Ian Comfort**

**Chair of the Governing Body**

# INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF EALING, HAMMERSMITH & WEST LONDON COLLEGE

## Opinion

We have audited the financial statements of Ealing, Hammersmith & West London College (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2021 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statement of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2021 and of the Group's and the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty related to going concern

We draw attention to the disclosures made in the accounting policies in note 1 of these financial statements, concerning the College's and Group's ability to continue as a going concern. During the year ended 31 July 2020, the College converted previously received exceptional financial support and emergency funding of £11.6m from the ESFA into a loan, with a repayment date of 31 January 2023. On 14 January 2021 the College received a reservation of rights letter giving notification from the DfE of an event of default regarding a delay in completion of the IBR. Whilst notice has yet to be served, the letter noted the DfE's right to serve notice on the loan which would mean the loan becomes repayable on demand.

As a consequence of the DfE letter, in line with the bank loan facility agreement, this has triggered an event of default in respect of the bank loan. At the date of this report the events of default exist and no such repayment schedule is in place, and no waiver has been provided on the bank loan. Cash flow forecasts indicate the College has insufficient funds to repay these loans in full.

Management has an expectation, that the events of default will be resolved and a repayment schedule will be agreed with the ESFA in early 2022.

Therefore, the College has a reasonable expectation that it has adequate resources to continue operating for the foreseeable future. Thus, the College continues to adopt the going concern basis in preparing the financial statements. However, these events indicate that material uncertainty exists that may cast significant doubt on the College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

In auditing the financial statements we have concluded that the governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

## Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2020 to 2021 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the notes 2 and 3 to the accounts, has been materially misstated.

## Responsibilities of the Governing Body of Ealing, Hammersmith & West London College

As explained more fully in the Statement of the Governing Body's Responsibilities set out on pages 32 to 33, the Governing Body is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and College operates in and how the group and college are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, Regulatory Advice 9: Accounts Direction published by the Office for Students' and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 26 October 2020. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Dated 21st December 2021

# Consolidated and College Statements of Comprehensive Income and Expenditure

| | Notes | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|---|---|---|---|---|
| | | Group £'000 | College £'000 | Group £'000 | College £'000 |
| **INCOME** | | | | | |
| Funding body grants | 2 | 26,495 | 26,495 | 25,190 | 25,190 |
| Tuition fees and education contracts | 3 | 5,263 | 5,263 | 5,454 | 5,454 |
| Other grants and contracts | 4 | 425 | 425 | 307 | 307 |
| Other Income | 5 | 182 | 182 | 473 | 473 |
| Investment income | 6 | - | - | 16 | 16 |
| **Total income** | | **32,365** | **32,365** | **31,440** | **31,440** |
| **EXPENDITURE** | | | | | |
| Staff costs | 7 | 19,906 | 20,130 | 19,145 | 19,145 |
| Other operating expenses | 8 | 11,498 | 11,274 | 12,528 | 12,528 |
| Depreciation and amortisation | 11/12 | 3,084 | 3,084 | 4,441 | 4,441 |
| Interest and other finance costs | 9 | 826 | 826 | 848 | 848 |
| **Total expenditure** | | **35,314** | **35,314** | **36,962** | **36,962** |
| **Deficit before other gains and losses** | | **(2,949)** | **(2,949)** | **(5,522)** | **(5,522)** |
| Profit on disposal of assets | | - | - | 1,736 | 1,736 |
| **Deficit for the Year** | | **(2,949)** | **(2,949)** | **(3,786)** | **(3,786)** |
| Remeasurement of enhanced pension provision | | - | - | (91) | (91) |
| Remeasurement of net defined benefit pension liability | | 3,634 | 3,634 | (11,030) | (11,030) |
| Total Comprehensive Income for the Year | | **685** | **685** | **(14,907)** | **(14,907)** |

# Consolidated and College Statement of Changes in Reserves

| | Income and expenditure account | Revaluation reserve | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Group and College** | | | |
| **Balance at 1 August 2019** | **(12,593)** | **23,906** | **11,313** |
| Deficit from the income and expenditure account | (3,786) | - | (3,786) |
| Other comprehensive income | (11,121) | - | (11,121) |
| Transfers between revaluation and income and expenditure reserves | 512 | (512) | - |
| | (14,395) | (512) | (14,907) |
| **Balance at 31 July 2020** | **(26,988)** | **23,394** | **(3,594)** |
| Deficit from the income and expenditure account | (2,949) | - | (2,949) |
| Other comprehensive income | 3,634 | - | 3,634 |
| Transfers between revaluation and income and expenditure reserves | 512 | (512) | - |
| | 1,197 | (512) | 685 |
| **Balance at 31 July 2021** | **(25,791)** | **22,882** | **(2,909)** |

# Consolidated and College Balance sheets as at 31 July 2021

| | Notes | Group 2021 £'000 | College 2021 £'000 | Group 2020 £'000 | College 2020 £'000 |
|---|---|---|---|---|---|
| **Fixed Assets** | | | | | |
| Tangible Fixed Assets | 11 | 47,682 | 47,682 | 49,109 | 49,109 |
| Intangible Assets | 12 | 75 | 75 | 114 | 114 |
| | | **47,757** | **47,757** | **49,223** | **49,223** |
| **Current Assets** | | | | | |
| Debtors | 14 | 738 | 738 | 1,533 | 1,533 |
| Cash at bank and in hand | | 10,281 | 10,261 | 6,885 | 6,885 |
| | | **11,019** | **10,999** | **8,418** | **8,418** |
| Less: Creditors – amounts falling due within one year | 15 | (21,760) | (21,740) | (7,775) | (7,775) |
| **Net Current (Liabilities)/Assets** | | **(10,741)** | **(10,741)** | **643** | **643** |
| **Total Assets less Current Liabilities** | | **37,016** | **37,016** | **49,866** | **49,866** |
| Less: Creditors – amounts falling due after more than one year | 16 | (4,839) | (4,839) | (17,251) | (17,251) |
| **Provisions** | | | | | |
| Other Provisions | 18 | (1,751) | (1,751) | (1,747) | (1,747) |
| Defined Benefit Obligations | 18 | (33,335) | (33,335) | (34,462) | (34,462) |
| **Total Net (Liabilities) / Assets** | | **(2,909)** | **(2,909)** | **(3,594)** | **(3,594)** |
| **Reserves** | | | | | |
| **Unrestricted Reserves** | | | | | |
| Income and Expenditure including Pension Liability | | (25,791) | (25,791) | (26,988) | (26,988) |
| Revaluation Reserve | | 22,882 | 22,882 | 23,394 | 23,394 |
| **Total Unrestricted Reserves** | | **(2,909)** | **(2,909)** | **(3,594)** | **(3,594)** |

The financial statements on pages 39 to 71 were approved and authorised for issue by the Governing Body on 14 December 2021 and were signed on its behalf on that date by:

Ian Comfort
K Redhead

**Ian Comfort**
**Chair of the Governing Body**

**Karen Redhead**
**Accounting Officer**

# Consolidated Statement of Cash Flows

| | Notes | Year ended 31 July 2021 £'000 | Year ended 31 July 2020 £'000 |
|---|---|---|---|
| **Cash used in operating activities** | | | |
| Deficit for the year | | (2,949) | (3,786) |
| | | | |
| **Adjustments for non-cash items** | | | |
| Depreciation and amortisation | | 3,084 | 4,441 |
| Decrease/(increase) in debtors | | 795 | (280) |
| Increase/(decrease) in creditors due within one year | | 1,361 | (1,740) |
| Increase in creditors due after one year | | 820 | (1,761) |
| Pensions costs less contributions payable | | 2,511 | 1,635 |
| | | | |
| **Adjustment for investing or financing activities** | | | |
| Interest payable | | 350 | 375 |
| Interest receivable | | - | (16) |
| Profit on sale of fixed assets | | - | (1,736) |
| **Net cash flow from operating activities** | | **5,972** | **(2,868)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of fixed assets | | - | 4,168 |
| Payments made to acquire fixed assets | | (1,618) | (196) |
| | | **(1,618)** | **3,972** |
| | | | |
| **Cash flows from financing activities** | | | |
| Interest paid | | (519) | (207) |
| Interest received | | - | 16 |
| Repayments of amounts borrowed | | (439) | (413) |
| Proceeds of unsecured loans (ESFA) | | - | 3,100 |
| | | **(958)** | **2,496** |
| | | | |
| Increase in cash equivalents in the year | | **3,396** | **3,600** |
| | | | |
| Cash and cash equivalents at beginning of the year | | 6,885 | 3,285 |
| | | | |
| Cash and cash equivalents at end of the year | | 10,281 | 6,885 |

# Notes to the Accounts

## 1 Statement of accounting policies and estimation techniques

### General Information

Ealing, Hammersmith & West London College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 24. The nature of the College Group's operations are set out in the Report of the Governing body.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### Basis of Accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021, Regulatory Advice 9: Accounts Direction issued by the Office for Students, and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), under the historical cost convention, modified to include the revaluation of freehold properties and subsequently carried at deemed cost. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in sterling which is also the functional currency of the College Group.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

### Reduced disclosures

In accordance with the 2019 FE HE SORP and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

### Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, EVOLVE Learning Group Limited and Capital Talent Box Limited controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2021, with the exception of EVOLVE Learning Group which has extended its accounting period end to the 31 October 2021.

## 1 Statement of accounting policies and estimation techniques (continued)

The following dormant subsidiary is exempt from preparing accounts under s394A of the Companies Act 2006 and from filing individual accounts with the Registrar under s448A of the Companies Act 2006:

West London College Limited

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

### Going concern

The College Group remains in 'supervised' status with the ESFA following a Financial Health Notice to Improve issued in 2014. This enables the ESFA to provide closer oversight and support. The College Group has a robust Strategic Plan which is underpinned by a comprehensive Operational Plan, both are closely monitored by the Senior Leadership Team, the Governing Body and the agencies.

The College Group required no further Emergency Funding support during 2020/21. The total amount previously received from the ESFA of £11.6m, was converted into an interest-bearing loan in March 2020. The total amount received from the ESFA is repayable to the Agency. The loan agreement with the ESFA states that the loan is currently repayable in full on 31 January 2023. This repayment date is subject to a clause stating that an amortised repayment schedule for the loan will be reviewed, and may be implemented, following the conclusion of an Independent Business Review (IBR). The IBR has progressed during the financial year and as at the date of signing these financial statements the IBR report is complete and has been issued. As per the ESFA loan agreement the college will otherwise review an amortised repayment schedule and the termination date by 31 December 2021. The intention is to present to the DfE/ESFA Finance Committee in early 2022to agree an amortised repayment schedule and a revised termination date. At present, based on current cashflow forecasts, the College will not be able to repay the loan in full by 31 January 2023.

The College also has £1.6m (£2.1m in 2019/20) of loans outstanding with the College's bankers (Barclays Bank). The College has a positive relationship with its bankers and continues to work closely with them, the College is able to demonstrate that it is able to operate effectively. The College's forecasts and financial projections indicate that it will be able to operate within the existing banking facilities for the foreseeable future.

On 14 January 2021, the College received notification from the DfE stating that the College had triggered an event of default under the facility agreement. This was due to a delay in the completion of the IBR and, as a result of this default, the DfE is reserving its right to serve notice to the College pursuant to clause 18.34 in the facility agreement at a future date. Under this clause the DfE can serve notice to the College to accelerate any previously agreed repayment schedule such that the entire loan balance becomes immediately due and payable on demand if notice is served. The breach of covenants in relation to the loan with the ESFA has, in turn, triggered an event of default under the facility agreement for the loan with Barclays

## 1 Statement of accounting policies and estimation techniques (continued)

Bank. As the events of default had not been resolved by the 31 July 2021 both loan balances have all been classified as short term loans in the balance sheet of the College. It should be noted that no notice has been served in relation to these events of default at the time of signing of these financial statements and that the College is compliant with all other covenants in relation to the Barclays Bank loan.

The College is in discussions on an affordable amortised repayment schedule following the completion of the IBR. Once the repayment schedule has been agreed, it is the College's expectation that the events of default will also be lifted at this point. However, there is a material uncertainty around the College's ability to meet the current repayment terms of the loan with the ESFA at the date of approval of these financial statements.

The College Group markedly improved its overall financial position during 2020/21 and is showing an overall increase in cash held of £3.4m and this has been achieved without the need for additional emergency support or the further sale of estate assets. It should be noted that the College Group has a strong asset base and as outlined in the Estates Strategy, the College Group will continue to ensure efficient use of its assets which will in turn provide further cash improvement for the College Group.

The adoption of the going concern basis is predicated upon the College Group's improved cash position and the ability to agree an affordable repayment schedule with the ESFA. The College Group continues on a trajectory of year-on-year improvements. The College Group has produced strong and robust cashflow forecasts through to July 2024 that shows a strong cash position in financial years 2022/23 and 2023/24. These forecasts have been stress tested to review how the College Group would cope under a variety of circumstances.

The College Group has concluded that the above circumstances, in particular in relation to the repayment of the ESFA loan, represent a material uncertainty which may cast significant doubt upon the College Group's ability to continue as a going concern for a period of not less than twelve months from the date of approval of these financial statements. Nevertheless, after making enquiries and considering the uncertainties described above, and the fact no notice has been served to accelerate the repayment of either loan facility, the College Group has a reasonable expectation that it has adequate resources to continue operating for the foreseeable future. Thus, the College Group continues to adopt the going concern basis in preparing the financial statements.

### Recognition of income

### Grants – government and non-government

*Revenue grant funding*

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

## 1 Statement of accounting policies and estimation techniques (continued)

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved. Any under achievement of the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end. Where this process involves negotiations in respect of over achievement or adjustment to claw back in respect of underachievement, where negotiations are subsequent to the year end, they are not reflected in the income recognised.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the College has met the performance-related conditions and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

*Capital grant funding- government grants*

Government capital grants for assets, including land, are accounted for under the accruals model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year, and those due after more than one year are recognised in income when the College has met the performance-related conditions and the grant will be received.

### Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees is recognised over the period for which it is received.

All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

### Retirement benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined

## 1 Statement of accounting policies and estimation techniques (continued)

contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

### Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. The cost of any unused holiday entitlement the College expects to pay in future periods is recognised in the period the employees' services are rendered.

### Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College Group's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

### Fixed asset investments

#### *College*

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the College.

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

#### *Land and buildings*

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Buildings – 20 to 50 years

## 1 Statement of accounting policies and estimation techniques (continued)

Freehold land is not depreciated.

The College Group has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the statement of comprehensive income over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

On adoption of FRS 102, the College Group followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997 and 1999, as deemed cost but not to adopt on policy of revaluations of properties in the future.

*Subsequent expenditure on existing fixed assets*

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred.

*Equipment*

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Building improvements — 7-13 years
- Leasehold improvement — Over the lease term
- Motor vehicles — 4 years
- Computer equipment — 4 years
- Furniture, fixtures and fittings — 4 years

### Intangible fixed assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, and for purchased computer software this is 6 years.

### Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses.

## 1 Statement of accounting policies and estimation techniques (continued)

Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

### Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

### Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College Group has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College Group substantially all the benefits and risks of ownership of an asset are treated as finance leases.

### Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### Cash at bank and in hand

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

## 1 Statement of accounting policies and estimation techniques (continued)

### Financial instruments

The College Group has chosen to adopt Section 11 of FRS 102 in full in respect of basic financial instruments.

*Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the College Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable within one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### Provisions and contingent liabilities

Provisions are recognised when:

- the College Group has a present legal or constructive obligation as a result of a past event,
- it is probable that a transfer of economic benefit will be required to settle the obligation,
- and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured

## 1 Statement of accounting policies and estimation techniques (continued)

reliably. Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

### Agency arrangements

The College Group acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College Group where the College Group is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- *Going Concern*
  The adoption of the going concern basis is dependent upon the College agreeing an affordable repayment schedule on the ESFA loan facility and resolving the events of default. As noted in the going concern policy, the College Group has sufficient cash reserves to pay liabilities as they fall due, with the exception of the ESFA loan support, and so would be considered as a going concern.

*Other key sources of estimation uncertainty*

- *Tangible fixed assets*
  Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*
  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. Assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2 Funding Body Grants

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|---|---|---|---|
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| **Recurrent Grants** | | | | |
| *Grant income from the OfS* | | | | |
| Office for Students | 9 | 9 | 11 | 11 |
| *Subtotal-Grant income from OfS* | 9 | 9 | 11 | 11 |
| *Grant income from other bodies* | | | | |
| Education and Skills Funding Agency - adult | 11,481 | 11,481 | 11,597 | 11,597 |
| Education and Skills Funding Agency - 16 -18 | 11,969 | 11,969 | 10,098 | 10,098 |
| Education and Skills Funding Agency – apprenticeships | 701 | 701 | 702 | 702 |
| **Specific Grants – Non coronavirus** | | | | |
| Teacher Pension Scheme contribution grant | 507 | 507 | 496 | 496 |
| Education and Skills Funding Agency – Collaboration Fund | 500 | 500 | - | - |
| Releases of government capital grants | 569 | 569 | 2,286 | 2,286 |
| Education and Skills Funding Agency - other | 87 | 87 | - | - |
| **Specific Grants - Coronavirus additional funding** | | | | |
| ESFA – Tuition fund | 268 | 268 | - | - |
| ESFA – High value course leavers | 311 | 311 | | |
| ESFA – Covid 19 skills offer | 10 | 10 | - | - |
| ESFA – Covid 19 testing | 29 | 29 | - | - |
| GLA – Covid 19 emergency recovery support | 54 | 54 | - | - |
| *Subtotal-Grant Income from other bodies* | 26,486 | 26,486 | *25,179* | *25,179* |
| **Total** | **26,495** | **26,495** | **25,190** | **25,190** |

The corporation has been eligible to claim additional funding in the year from government support schemes in response to the coronavirus outbreak. This included grants to support the implementation of Covid health and safety measures as well as support to enable catch up sessions for learners. All of the funds received during the financial year have been spent in line with the funding conditions of the relevant grant.

## 3 Tuition fees and education contracts

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|---|---|---|---|
| | **Group** | **College** | **Group** | **College** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| *Fee income from non qualifying courses (exclusive of VAT)* | | | | |
| Adult Education Fees | 1,217 | 1,217 | 1,844 | 1,844 |
| Fees for FE Loan Supported Courses | 462 | 462 | 350 | 350 |
| Fees for HE Loan Supported Courses | - | - | - | - |
| **Total Tuition Fees** | **1,679** | **1,679** | **2,194** | **2,194** |
| | | | | |
| Education Contracts | 3,584 | 3,584 | 3,260 | 3,260 |
| *Total Fee Income from non-qualifying courses (exclusive of VAT)* | 5,263 | 5,263 | 5,454 | 5,454 |
| *Fee income for taught awards (exclusive of VAT)* | - | - | - | - |
| *Fee income for research awards (exclusive of VAT)* | - | - | - | - |
| **Total** | **5,263** | **5,263** | **5,454** | **5,454** |

## 4 Other grants and contracts

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|---|---|---|---|
| | **Group** | **College** | **Group** | **College** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Coronavirus Job Retention Scheme grant | 369 | 369 | 249 | 249 |
| Other grant income | 56 | 56 | 58 | 58 |
| **Total** | **425** | **425** | **307** | **307** |

The College Group furloughed mainly staff in commercial income curriculum areas and a number of support staff spread across various departments, whose costs were not funded by other government grants, under the government's Coronavirus Job Retention Scheme. The College Group topped up the salaries of furloughed employees during the year so that they received 100% of their salaries whilst on furlough. The funding received of £369,000 (2019/20 - £249,000) relates to staff costs which are included within staff costs (note 7) below as appropriate.

## 5 Other Income

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|---|---|---|---|
| | **Group** | **College** | **Group** | **College** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Catering and Residences | 1 | 1 | 5 | 5 |
| Other Income Generating Activities | 165 | 165 | 302 | 302 |
| Miscellaneous income | 16 | 16 | 166 | 166 |
| **Total** | **182** | **182** | **473** | **473** |

## 6 Investment income

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|---|---|---|---|
| | **Group** | **College** | **Group** | **College** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Other interest receivable | - | - | 16 | 16 |
| **Total** | **-** | **-** | **16** | **16** |

## 7 Staff costs

The average number of persons (including key management personnel) employed during the year, described as average headcount, was:

| | **2021 Group No.** | **2021 College No.** | **2020 Group No.** | **2020 College No.** |
|---|---|---|---|---|
| Teaching staff | 199 | 199 | 188 | 188 |
| Non-teaching staff | 293 | 273 | 321 | 321 |
| **Total** | **492** | **472** | **509** | **509** |

## 7 Staff costs (continued)

| Staff costs for the above persons | 2021 Group £'000 | 2021 College £'000 | 2020 Group £'000 | 2020 College £'000 |
|---|---|---|---|---|
| Wages and salaries | 10,920 | 10,490 | 12,257 | 12,257 |
| Social security costs | 1,142 | 1,099 | 1,207 | 1,207 |
| Other Pension Costs | 4,049 | 4,039 | 3,144 | 3,144 |
| **Payroll sub total** | **16,111** | **15,628** | **16,608** | **16,608** |
| Contracted out staffing services | 3,795 | 4,502 | 2,453 | 2,453 |
| | **19,906** | **20,130** | **19,061** | **19,061** |
| Restructuring costs - Contractual | - | - | 84 | 84 |
| **Total Staff costs** | **19,906** | **20,130** | **19,145** | **19,145** |

The College operates a childcare voucher salary sacrifice scheme for all staff.

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Team which comprises the CEO and Executive Directors. No compensation for loss of office was paid in 2021 or 2020.

**Emoluments of Key management personnel, Accounting Officer and other higher paid staff**

| | 2021 No. | 2020 No. |
|---|---|---|
| The number of key management personnel including the Accounting Officer was: | **4** | **5** |

## 7 Staff costs (continued)

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges, including the Accounting Officer was:

| **Group and College** | **Key management personnel** | | **Other Staff** | |
|---|---|---|---|---|
| | **2021** | **2020 restated** | **2021** | **2020** |
| | **No.** | **No.** | **No.** | **No.** |
| £10,001 to £15,000 | 1 | - | n/a | n/a |
| £25,001 to £30,000 | - | 1 | n/a | n/a |
| £30,001 to £35,000 | - | 1 | n/a | n/a |
| £35,001 to £40,000 | - | - | n/a | n/a |
| £50,001 to £55,000 | - | - | n/a | n/a |
| £60,001 to £65,000 | - | - | 3 | 3 |
| £65,001 to £70,000 | - | - | 1 | 2 |
| £70,001 to £75,000 | - | - | 3 | 4 |
| £75,001 to £80,000 | - | - | 2 | - |
| £80,001 to £85,000 | - | - | 1 | 4 |
| £85,001 to £90,000 | - | - | 1 | - |
| £90,001 to £95,000 | - | 1 | - | - |
| £95,001 to £100,000 | 2 | - | - | - |
| £145,001 to £150,000 | 1 | 1 | - | - |
| £195,001 to £200,000 | 1 | 1 | - | - |
| **Total** | **5** | **5** | **11** | **13** |

Including part time workers grossed up to full time equivalent the 2021 banding would include the following:

1 employee would move from the £50,001 to £55,000 banding to the £65,001 to £70,000 banding.

In the previous financial statements, the highest paid member of key management personnel was erroneously included in the banding of £200,001 to £205,000 in the table above. This has been corrected in this set of financial statements.

Key management personnel (including the Accounting Officer) emoluments are made up as follows:

| | **2021** | **2020** |
|---|---|---|
| | **£'000** | **£'000** |
| Salaries | 550 | 499 |
| Employers NIC | 71 | 78 |
| Pension contributions | 100 | 61 |
| **Total Emoluments** | **721** | **638** |

## 7 Staff costs (continued)

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid senior post-holder) of:

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Salaries | 200 | 200 |
| Employers NIC | 26 | 26 |
| Pension contributions | 30 | 29 |
| | **256** | **255** |

The remuneration of the Accounting Officer for 2020/21 was determined on 23 July 2021 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the Accounting Officer's remuneration for the year to 31 July 2021 included:

- the AoC senior postholder benchmarking survey;
- CPI;
- pay increases for other staff;
- performance against personal objectives and the performance of the organisation.

Despite the outstanding performance of the Accounting Officer, in view of the College's financial position, the Committee and Board resolved a nil pay increase.

A similar approach was used to determine the remuneration of other key management personnel.

The relationship between the Accounting Officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

| | 2021 | 2020 |
|---|---|---|
| | No. | No. |
| Basic salary as a multiple of median basic salary of staff | 6.91 | 6.78 |
| Total remuneration as a multiple of median total remuneration of staff | 8.09 | 7.44 |

## 7 Staff costs (continued)

**Governors' remuneration**

The Accounting Officer and the staff members only receive remuneration in respect of services they provide undertaking their roles of CEO/Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as governors. During the current and prior year the governors were not reimbursed for any travel and subsistence and other out of pocket expenses.

## 8 Other operating expenses

| | Year ended 31 July 2021 | | Year ended 31 July 2020 | |
|---|---|---|---|---|
| | **Group** | **College** | **Group** | **College** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Teaching costs | 4,855 | 4,855 | 4,620 | 4,620 |
| Non-teaching costs | 3,094 | 2,870 | 3,370 | 3,370 |
| Premises costs | 3,549 | 3,549 | 4,538 | 4,538 |
| **Total** | **11,498** | **11,274** | **12,528** | **12,528** |

| **Deficit before taxation is stated after charging/ (crediting):** | **Group 2021 £'000** | **College 2021 £'000** | **Group 2020 £'000** | **College 2020 £'000** |
|---|---|---|---|---|
| Fees payable to RSM UK LLP in respect of both audit and non-audit fees (excluding VAT) : | | | | |
| Audit of college (and group) | 80 | 80 | 81 | 81 |
| Other assurance services | 2 | 2 | 2 | 2 |
| Other non-audit services | 47 | 47 | 58 | 58 |
| Internal audit | 28 | 28 | 39 | 39 |
| Hire of other assets – operating leases | 52 | 52 | 75 | 75 |
| Land and buildings - operating leases | 807 | 807 | 807 | 807 |
| Profit on disposal of assets | - | - | (1,736) | (1,736) |
| | **1,037** | **1,037** | **(674)** | **(674)** |

## 9 Interest and other finance costs - Group and College

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Interest on bank loans | 172 | 213 |
| Interest on other loans | 178 | 162 |
| Net interest on enhanced pension provision | 16 | 25 |
| Net interest on defined pension liability | 460 | 448 |
| **Total** | **826** | **848** |

## 10 Taxation – Group and College

The College Group was not liable for any corporation tax arising out of its activities during either year.

## 11 Tangible fixed assets - Group and College

| | Land & Buildings | Equipment | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Cost or valuation** | | | |
| At 1 August 2020 | 83,809 | 10,704 | 94,513 |
| Additions | 1,334 | 284 | 1,618 |
| Disposal | - | - | - |
| **At 31 July 2021** | **85,143** | **10,988** | **96,131** |
| | | | |
| **Depreciation** | | | |
| At 1 August 2020 | 35,634 | 9,770 | 45,404 |
| Charge for the year | 2,374 | 671 | 3,045 |
| Elimination in respect of disposals | - | - | - |
| **At 31 July 2021** | **38,008** | **10,441** | **48,449** |
| | | | |
| **Net book value at 31 July 2021** | **47,135** | **547** | **47,682** |
| Net book value at 31 July 2020 | 48,175 | 934 | 49,109 |

## 11 Tangible fixed assets - Group and College (continued)

The land and buildings of Hammersmith and West London College were valued as at 31 July 1999 and the land and buildings of Ealing Tertiary College were valued as at 31 July 1997.

Both these valuations were made, by firms of independent chartered surveyors, at depreciated replacement cost. Currently the funding bodies do not require further property valuations to take place. Other tangible assets, inherited from the LEA at incorporation, have been valued by the College on a depreciated replacement cost basis. If the assets had not been re-valued they would have been included in the accounts at a net book value of £4.927m (2020: £5.677m).

The carrying value at 31 July 2021 of the land and buildings of Ealing Tertiary College that provides the security for the Barclays loan is £7.651m (2020: £7.736m).

Land and buildings with a net book value of £5.385m (2020: £5.157m) have been funded from capital grants. Should these assets be sold, the College would either have to surrender the sale proceeds to the funding bodies or use them in accordance with the financial memorandum with the funding bodies.

Included in land and buildings is inherited land valued at £7.390m (2020: £7.390m) which is not depreciated.

The subsidiary companies have no tangible fixed assets.

## 12 Intangible fixed assets – Group and College

| | Software |
|---|---|
| | £'000 |
| **Cost** | |
| At 1 August 2020 | 231 |
| **At 31 July 2021** | **231** |
| | |
| **Amortisation** | |
| At 1 August 2020 | 117 |
| Charge for year | 39 |
| **At 31 July 2021** | **156** |
| | |
| **Net book value at 31 July 2021** | **75** |
| | |
| Net book value at 31 July 2020 | 114 |

The amortisation charge is included within depreciation and amortisation in the Statement of Comprehensive Income and Expenditure.

## 13 Fixed asset Investments – College

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Subsidiary undertakings | - | - |
| **Total** | **-** | **-** |

The College controls 100 per cent of EVOLVE Learning Group Limited, that was incorporated in England and Wales in August 2016, the date of incorporation being 4th August 2016. The principal activity of EVOLVE Learning Group Limited is educational and support services. The company is limited by guarantee without any share capital.

The College owns 100 percent of the issued ordinary £1 shares of Capital Talent Box Limited, that was incorporated in England and Wales in February 2015, the date of incorporation being 4th February 2015. The principal activity of Capital Talent Box is employment agency services and it began trading again in September 2020.

The College also owns 100 per cent of West London College Limited which is a dormant company.

## 14 Debtors

| | Group 2021 £'000 | College 2021 £'000 | Group 2020 £'000 | College 2020 £'000 |
|---|---|---|---|---|
| Amounts falling due within one year: | | | | |
| Trade debtors | 147 | 147 | 1,010 | 1,010 |
| Other Debtors | 177 | 177 | 181 | 181 |
| Prepayments and accrued income | 414 | 414 | 342 | 342 |
| **Total** | **738** | **738** | **1,533** | **1,533** |

## 15 Creditors: amounts falling due within one year

| | Group 2021 £'000 | College 2021 £'000 | Group 2020 £'000 | College 2020 £'000 |
|---|---|---|---|---|
| Bank loans and overdrafts | 1,632 | 1,632 | 439 | 439 |
| Trade creditors | 975 | 975 | 775 | 775 |
| Amounts owed to subsidiary undertakings | - | 5 | - | - |
| Other taxation and social security | 314 | 294 | 312 | 312 |
| Accruals and deferred income | 2,442 | 2,442 | 2,461 | 2,461 |
| Amounts owed to ESFA | 14,828 | 14,828 | 2,782 | 2,782 |
| Other creditors | 697 | 692 | 234 | 234 |
| Holiday Pay Accrual | 326 | 326 | 302 | 302 |
| Government grants (capital) | 546 | 546 | 470 | 470 |
| **Total** | **21,760** | **21,740** | **7,775** | **7,775** |

## 16 Creditors: amounts falling due after one year

| | Group 2021 £'000 | College 2021 £'000 | Group 2020 £'000 | College 2020 £'000 |
|---|---|---|---|---|
| Bank loans | - | - | 1,632 | 1,632 |
| Amounts owed to ESFA | - | - | 11,600 | 11,600 |
| Government grants (capital) | 4,839 | 4,839 | 4,019 | 4,019 |
| **Total** | **4,839** | **4,839** | **17,251** | **17,251** |

## 17 Maturity of debt

### (a) Bank loans, other loans and overdrafts

Bank loans, other loans and overdrafts are repayable as follows:

| | Group 2021 £'000 | College 2021 £'000 | Group 2020 £'000 | College 2020 £'000 |
|---|---|---|---|---|
| In one year or less | 13,232 | 13,232 | 439 | 439 |
| Between one and two years | - | - | 964 | 964 |
| Between two and five years | - | - | 12,268 | 12,268 |
| **Total** | **13,232** | **13,232** | **13,671** | **13,671** |

The College took out a £6.0m unsecured loan with Barclays Bank in December 2006. Quarterly capital repayments with interest started on 1 December 2006 and will end on 2nd September 2024. A fixed interest rate of 6.28% is applicable to this loan, which was renegotiated during the year ended 31 July 2016 to 8.28%. The balance of the bank loan at the year end was £1.632m (2020: £2.071m).

In March 2020 the exceptional funding provided by the ESFA was converted into an interest bearing loan facility with an interest rate equal to the PWLB rate payable on the loan per annum. A detailed schedule of repayments is under review between the College and the ESFA but with the earliest date for repayment is currently 31 January 2023. The balance of the ESFA loan at the year end was £11.6m (2020: £11.6m).

On 14 January 2021, the College received notification from the DfE stating that the College had triggered an event of default under the facility agreement. This was due to a delay in the completion of the IBR and, as a result of this default, the DfE is reserving its right to serve notice to the College pursuant to clause 18.34 in the facility agreement at a future date. Under this clause the DfE can serve notice to the College to accelerate any previously agreed repayment schedule such that the entire loan balance becomes immediately due and payable on demand if notice is served. The breach of covenants in relation to the loan with the ESFA has, in turn, triggered an event of default under the facility agreement for the loan with Barclays. As the events of default had not been resolved by the 31 July 2021 both loan balances have all been classified as short term loans in the balance sheet of the College as at 31 July 2021. It should be noted that no notice has been served in relation to these events of default at the time of signing of these financial statements.

## 18 Provisions – Group and College

| | Park Royal Dilapidation Provision £'000 | Enhanced pensions £'000 | Defined Benefit Obligations £'000 | Total £'000 |
|---|---|---|---|---|
| At 1 August 2020 | 500 | 1,247 | 34,462 | 36,209 |
| Movement in the period | - | 4 | (1,127) | (1,123) |
| **At 31 July 2021** | **500** | **1,251** | **33,335** | **35,086** |

The Park Royal provision is estimated dilapidation cost at the end of the ten-year lease.

The enhanced pension provision relates to the cost of staff that have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

| The principal assumptions for this calculation are: | 2021 | 2020 |
|---|---|---|
| Price Inflation | 2.60% | 2.20% |
| Discount rate | 1.60% | 1.30% |

## 19 Analysis of changes in net debt

| | At 1 August 2020 £'000 | Cash Flows £'000 | At 31 July 2021 £'000 |
|---|---|---|---|
| Cash and cash equivalents | 6,885 | 3,396 | 10,281 |
| | 6,885 | 3,396 | 10,281 |
| Bank loans | (2,071) | 439 | (1,632) |
| Amounts owed to funding bodies | (11,600) | - | (11,600) |
| **Total net debt** | **(6,786)** | **3,835** | **(2,951)** |

## 20 Capital and other Commitments – Group and College

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Commitments contracted for July | - | - |
| | - | - |

## 21 Lease Obligations – Group and College

At 31st July the College had total minimum lease payments under non-cancellable operating leases as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Not later than one year | 836 | 782 |
| Later than one year and not later than five years | 782 | 1,440 |
| | 1,618 | 2,222 |

The College signed a 10-year lease (with a break clause after 5 years) for its new Park Royal College site on 8 June 2018. The annual lease cost is £0.720m after an initial 6-month rent-free period.

## 22 Retirement Benefits – Group and College

The College Group's employees belong to two principal retirement benefit plans: The Teacher's Pension Scheme England and Wales (TPS) for academic and related staff; and the Hammersmith and Fulham Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Pensions Fund Authority. Both are multi-employer defined benefit plans.

| **Total pension cost for the year** | **2021** | **2020** |
|---|---|---|
| | **£'000** | **£'000** |
| Teachers' Pension Scheme: contributions paid | 1,282 | 1,255 |
| Local Government Pension Scheme: | | |
| Contributions paid | 755 | 695 |
| FRS 102 (28) charge | 1,971 | 1,194 |
| Charge to the Statement of Comprehensive Income | 2,726 | 3,144 |
| Costs accrued in prior years | (60) | - |
| Other pension costs | 12 | - |
| Enhanced pension cost | 97 | - |
| **Total Pension Cost for Year within staff costs** | **4,057** | **3,144** |

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019. Contributions amounting to £0.230m (2019/20 - £0.234m) were payable to the schemes at 31 July and are included within creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

## 22 Retirement Benefits – Group and College (continued)

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The pension costs paid to TPS in the year amounted to £1.282m (2020: £1.255m).

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Hammersmith & Fulham Local Authority. The total contributions made for the year ended 31 July 2021 were £1.117m (2020 - £1.041m), of which employer's contributions totalled £0.755m (2020 - £0.695m) and employees' contributions totalled £0.362m (2020 - £0.346m). The agreed contribution rates for future years are 14.0% for employers and range from 5.5% to 12.5% for employees, depending on salary.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

| | At 31 July 2021 | At 31 July 2020 |
|---|---|---|
| Rate of increase in salaries | 3.80% | 3.25% |
| Future pensions increases | 2.80% | 2.25% |
| Discount rate for scheme liabilities | 1.60% | 1.35% |

## 22 Retirement Benefits – Group and College (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

| | At 31 July 2021 years | At 31 July 2020 years |
|---|---|---|
| Retiring today | | |
| Males | 21.8 | 21.2 |
| Females | 24.5 | 24.2 |
| Retiring in 20 years | | |
| Males | 22.6 | 22.6 |
| Females | 25.7 | 25.7 |

The College Group's share of the assets in the plan at the balance sheet date and the expected rates of return were:

| | Fair Value at 31 July 2021 £'000 | Fair Value at 31 July 2020 £'000 |
|---|---|---|
| Equity instruments | 36,852 | 31,967 |
| Target return portfolio | 14,373 | 13,243 |
| Infrastructure | 5,890 | 4,023 |
| Property | 5,548 | 5,396 |
| Cash | 2,591 | 3,575 |
| **Total fair value of plan assets** | **65,254** | **58,204** |

**The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:**

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Fair value of plan assets | 65,254 | 58,204 |
| Present value of plan liabilities | (98,572) | (92,647) |
| Present value of unfunded obligation | (17) | (19) |
| Net pensions (liability) (note 18) | **(33,335)** | **(34,462)** |

## 22 Retirement Benefits – Group and College (continued)

**Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:**

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| **Amounts included in staff costs** | | |
| Current service cost | 2,726 | 1,887 |
| **Total** | **2,726** | **1,887** |
| | | |
| **Amounts included in investment income** | | |
| Net interest on the defined liability | 460 | 448 |
| **Total** | **460** | **448** |
| | | |
| **Amount recognised in other operating expenses** | | |
| Administration expenses | 76 | 73 |
| **Total** | **76** | **73** |

**Reconciliation of opening and closing balances of the present value of the defined benefits obligation**

| | 2021 £'000 |
|---|---|
| Net defined benefit obligation in scheme at 1 August 2020 | 92,666 |
| Movement in year: | |
| Current service cost | 2,726 |
| Interest Cost | 1,248 |
| Change in demographic assumptions | (1,133) |
| Experience loss on defined benefit obligation | (1,922) |
| Change in financial assumptions | 5,477 |
| Estimated benefits paid plus unfunded net of transfers in | (833) |
| Contributions by Scheme participants and other employers | 362 |
| Unfunded pension payments | (2) |
| **Defined benefit obligation** | **98,589** |

## 22 Retirement Benefits – Group and College (continued)

**Reconciliation of opening and closing balances of the fair value of fund assets**

| | 2021 |
|---|---|
| | £'000 |
| **Opening Fair Value of Fund assets** | 58,204 |
| Interest on Assets | 788 |
| Return on assets less interest | 6,056 |
| Other actuarial losses | - |
| Administration expenses | (76) |
| Contributions by employer including unfunded | 755 |
| Contributions by scheme participants and other employers | 362 |
| Estimated benefits paid plus unfunded net of transfers in | (835) |
| **Closing fair value of Fund Assets** | **65,254** |

The total return on the fund assets for the year to 31 July 2021 is £6.844m (2020 - £2.963m).

## 23 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest.

Key management compensation disclosure is given in note 7.

During the year, the College has been recharged expenditure relating to staff costs of £482,484 (2020 - £390,845) by EVOLVE Learning Group, a subsidiary of the College. At the year end, the College owed EVOLVE Learning Group £4,275 (2020 - £nil).

During the year, the College has been recharged expenditure relating to contracted out staffing costs of £1,392,927 (2020: £nil) by Capital Talent Box, a subsidiary of the College. At the year end, the College owed Capital Talent Box £244 (2020: £nil).

## 24 Amounts disbursed as agent

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Funding body grants – bursary support | 806 | 543 |
| Funding body grants – discretionary learner support | 257 | 332 |
| Funding body grants – vulnerable learners | 155 | 143 |
| | 1,218 | 1,018 |
| Disbursed to students | (484) | (473) |
| Administration costs | (27) | (32) |
| Balance unspent as at 31 July, included in creditors | 707 | 513 |

# INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE GOVERNING BODY OF EALING, HAMMERSMITH & WEST LONDON COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

**Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 26 October 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Ealing, Hammersmith & West London College during the period 1 August 2020 to 31 July 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) data returns, for which the ESFA has other assurance arrangements in place.

We are independent of the Ealing, Hammersmith & West London College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

**Responsibilities of Governing Body of Ealing, Hammersmith & West London College for regularity**

The Governing Body of Ealing, Hammersmith & West London College is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Governing Body of Ealing, Hammersmith & West London College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

**Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

**Use of our report**

This report is made solely to the Governing Body of Ealing, Hammersmith & West London College and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Governing Body of Ealing, Hammersmith & West London College and the Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body of Ealing, Hammersmith & West London College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

**RSM UK AUDIT LLP**

Chartered Accountants

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**Date** 21st December 2021